

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

STE. MICHELLE WINE ESTATES, LLC,)	
14111 NE 145th Street,)	CASE NO.:
Woodinville, WA 98072,)	
)	JUDGE:
Plaintiff,)	
)	
v.)	
)	
TRI COUNTY WHOLESALE)	
DISTRIBUTORS, INC.,)	
425 Victoria Road,)	
Youngstown, OH 44515,)	
)	<u>COMPLAINT</u>
Defendant.)	

For its Complaint against Defendant Tri County Wholesale Distributors, Inc. (“Tri County”), Plaintiff Ste. Michelle Wine Estates, LLC (“Ste. Michelle”) alleges as follows:

1. Ste. Michelle is a Washington limited liability company with its principal place of business in the State of Washington. Ste. Michelle is a wholly owned subsidiary of International Wine & Spirits, LLC which is a Delaware limited liability company and which is a wholly owned subsidiary of SMWE Washington Intermediate, LLC, which is a Delaware limited liability company and which is a wholly owned subsidiary of SMWE Washington Parent, LLC, which is a Delaware limited liability company and which is a wholly owned subsidiary of SMWE Washington and Premiums Holdings LP, a Delaware limited partnership, the general partner of which is SMWE Washington Blocker Corp., a Delaware corporation with its principal place of business in New York. None of the limited partners of SMWE Washington and Premiums Holdings LP is a resident of Ohio.

2. Tri County is an Ohio corporation with its principal place of business in Youngstown, Ohio. Tri County is a whole distributor of wine and is a “Distributor” as that term is defined in Ohio Revised Code Section 1333.82(C).

3. On October 1, 2021, UST LLC, a subsidiary of Altria Group, Inc., completed the sale of its subsidiary, International Wine & Spirits Ltd. (n/ka/ International Wine & Spirits LLC), to an entity controlled by investment funds managed by Sycamore Partners Management, L.P. That transaction comes within the scope of a “successor manufacturer transaction under R.C. 1333.85(D).” *See Tri Cnty. Wholesale Distribs. v. Labatt USA Operating Co.*, 828 F.3d 421, 428 (6th Cir. 2016) (affirming District Court’s use of a “control-based test” for determining whether a transaction is a successor manufacturer transaction under R.C. 1333.85(D)).

4. Thereafter, in a letter dated December 28, 2021, Ste. Michelle notified Tri County that, pursuant to the provisions of Ohio Revised Code §1333.85(D), “Ste. Michelle is hereby terminating any franchise distribution rights held by Tri County Wholesale Distributors, Inc., throughout the state of Ohio, to all brands produced by, imported by, or otherwise supplied by Ste. Michelle Wine Estates”

5. Pursuant to Ohio Revised Code Section 1333.851, the parties were to then attempt to negotiate the diminished value of Tri County’s business as a result of the loss of the Ste. Michelle brands. The parties agreed to extend the time period during which they were to attempt to negotiate the diminished value and Tri County provided Ste. Michelle with some, but not all, of the financial information that Ste. Michelle requested. The parties then attempted to negotiate an agreement on the diminished value of Tri County’s business.

6. Ste. Michelle has calculated the diminished value of Tri County’s business to be approximately \$112,500. In contrast, Tri County estimates the diminished value to be more than

\$300,000. The parties have reached an impasse in their negotiations. Pursuant to R.C. 1333.851, Ste. Michelle now seeks a judicial determination of the diminished value of Tri County's business as a result of the loss of the Ste. Michelle brands.

7. Ste. Michelle and Tri County are citizens of separate states. The amount in controversy exceeds \$75,000 exclusive of interest and costs. This Court has jurisdiction over this dispute pursuant to 28 USC §1332.

WHEREFORE, Ste. Michelle prays that this Court enter a judgment declaring the diminished value of Tri County's business as a result of the loss of the Ste. Michelle brands, and for such other and further relief as this Court deems just.

/s/ James B. Niehaus

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